

INVESTMENT
DIVISION

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CORPORATION FILE

INTERNATIONAL SHOE Co.

MANUFACTURERS

1501-1509 Washington Avenue

St. Louis, Mo.

November 30, 1930

BOARDS
9884.38
183

OFFICERS

FRANK C. RAND	Chairman of the Board
WILLIAM H. MOULTON	President
HORTON WATKINS	Vice-President
JAMES T. PETTUS	Vice-President
THEODORE MORENO	Vice-President
EDWIN H. PETERS	Vice-President
PAUL B. JAMISON	Vice-President
C. D. P. HAMILTON	Vice-President
ANDREW W. JOHNSON	Vice-Pres. and Treasurer
BYRON A. GRAY	Secretary and Auditor
WILLIAM N. SITTON	Assistant Treasurer
ALBERT H. JENKINS	Assistant Secretary

DIRECTORS

ROBERT E. BLAKE	THEODORE MORENO
EDGAR L. BLAND	WILLIAM H. MOULTON
CLARENCE H. FIELDER	EDWIN H. PETERS
BYRON A. GRAY	OLIVER F. PETERS
H. ROY GREEN	JAMES T. PETTUS
FRED HUME	FRANK C. RAND
LEWIS B. JACKSON	JOSEPH O. RAND
H. STUART JAMISON	CARLOS REESE
PAUL B. JAMISON	WILLIAM N. SITTON
H. EDGAR JENKINS	SAMUEL M. TIPTON
ANDREW W. JOHNSON	GRIFFIN WATKINS
H. EUGENE JONES	HORTON WATKINS

December 30th, 1930.

TO OUR STOCKHOLDERS:

Financial report showing the results of the International Shoe Company's operation for the fiscal year ended November 30th, 1930, is enclosed herewith.

The Company's net sales to customers for the fiscal year ended November 30th, 1930, were \$102,393,618.11, a decrease in volume of 22.5% from last year. Our factories produced 44,186,522 pairs of shoes, a decrease of 19.3% from last year. Subsidiary plants (textile mill, tanneries of sole leather and upper leather, factories making all leather counters, heels and soles, rubber heels and soles, welting, box toes, cartons and containers, chemicals, cement, etc.) produced during 1930 shoe materials and shoe supplies amounting to \$57,087,395.86, which, combined with our sales, made an aggregate of \$159,481,013.97 business transacted.

Net earnings (after taxes) for the fiscal year were \$12,874,104.21, which is \$994,104.21 in excess of amount required for dividends. These earnings (after payment of Preferred stock dividends) represent a return of \$3.26 per share on the outstanding Common stock. Common stock dividends set aside for January 1st, 1931, are on the basis of \$3.00 per share, per annum, or the same rate as paid this year.

The year 1930 has been one in which there have been a good many industrial cross-currents—advancing and declining commodity prices, tariff legislation, drouth, unemployment and other things to disturb the orderly processes of business. A decrease in volume of sales tends to reduce earnings in much greater percentage; for it is the last 20% to 25% of volume from which earnings usually come in largest degree. It is gratifying, therefore, to note that the Company's rate of earnings to volume was approximately maintained—sales decrease being 22.5%, net income decrease 24.4%. This, we believe, is only another evidence of the soundness of the principles controlling the Company's operations.

During the year we purchased the block of ground located in St. Louis on Morgan Street (immediately north of the Roberts, Johnson & Rand building), between Fifteenth and Sixteenth Streets. On this ground there has been erected a ten story warehouse covering about two-thirds of the block, with a floor space of 620,000 square feet. Within a few months this new building will be used as a central warehouse and shipping department for the three St. Louis Branches. The Roberts, Johnson & Rand building will be converted into sales rooms and executive offices of the International Shoe Company. By these changes, it is felt that substantial economies will be effected and shipments to our customers will be made more quickly and easily.

On December 13th the International Shoe Company made a general reduction in its shoe prices, ranging downward from five to thirty-five cents per pair. We are determined that we shall begin next season with the best values and prices that to-day's market will warrant. In this way, we intend to displace uncertainty with assurance.

Our fiscal year ended November 30th, at which time all merchandise on hand—i. e., supplies, shoes, leather and hides, were inventoried at the low market of that date. On this definite standard of value, we refigured the prices on our new line of shoes, samples of which were given to our salesmen on Monday, December 15th.

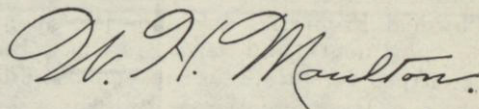
In advancing or declining markets we have never abandoned a fixed standard of uniform quality in our shoes. Because of this, merchants and consumers buy our shoes with assurance that they are honestly made and truthfully represented. *There are no short cuts to the creation and maintenance of good-will.*

Our cash reserve, low inventory values and liquid condition place the Company in the strongest financial position it has ever known. With flexible responsive production and well balanced merchandise stocks, the great strength of the International Shoe Company will be concentrated on distribution and service to its customers.

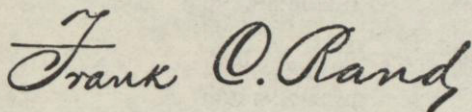
We are approaching next year with confidence in our ability to render helpful service to our customers and with determination to do business in increasing volume. Such a position is not predicated on idle optimism, but rests on a careful analysis of our organization as to men, equipment and merchandise values—it is an expression of confidence and an abiding faith in the principles that have, year after year, been proven to be sound in the experience of our Company.

Respectfully submitted,

INTERNATIONAL SHOE COMPANY,



President.



Chairman of the Board.

INTERNATIONAL

CONSOLIDATED

As at November 30, 1925

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$ 21,639,719.45	
Brokers Collateral Loans, secured by Listed Marketable Securities.....		6,500,000.00

Accounts Receivable:

Customers, less Reserve for Discounts and Doubtful Accounts.....	\$ 15,796,092.14	
Salesmen's Traveling Advances and Sundry Accounts.....	88,393.60	15,884,485.74

Inventories at Cost or Market whichever lower:

Manufactured Merchandise.....	\$ 9,417,072.70	
Raw Materials, Merchandise in Process and Supplies.....	16,842,223.73	26,259,296.43

TOTAL CURRENT ASSETS:.....\$ 70,283,501.62

Expenses Paid in Advance—Insurance Premiums, Taxes, and Other Deferred Charges to Operations.....	472,032.36
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Employees Notes Receivable, secured by 181,754 shares of Common Stock.....	5,240,692.43
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Company's own Common Stock—109,701 shares at Cost (Market Value \$5,649,601.50).....	5,590,384.69
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Investments in Stocks and Bonds of Other Companies, Etc. . . .	417,359.45
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Physical Properties at Tanneries, Shoe Factories, Supply Departments, and Sales Branches (Based on Appraisal as of April 30, 1925, plus subsequent additions at cost):

Land and Water Rights.....	\$ 2,081,699.38
Buildings and Structures.....	23,219,975.45
Machinery and Equipment.....	18,296,883.86
Lasts, Patterns and Dies.....	1.00

TOTAL.....\$ 43,598,559.69

Less—Reserve for Depreciation..... 15,327,854.00

Net Depreciated Sound Value of Physical Properties..... 28,270,705.69

TOTAL.....\$ 110,274,676.24

SHOE COMPANY

ALANCE SHEET

er 30, 1930

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable for Merchandise, Expenses, and Payrolls.....	\$ 1,496,611.27
Officers and Employees Balances and Deposits.....	259,641.26
TOTAL.....	\$ 1,756,252.53
Reserve for Income Taxes.....	1,700,000.00
TOTAL CURRENT LIABILITIES.....	\$ 3,456,252.53
Reserve for Dividends on Preferred Stock.....	50,000.00
Insurance Reserves.....	417,188.95

CAPITAL STOCK:

Preferred—6% Cumulative:

Authorized 250,000 shares of \$100.00 each, whereof Outstanding — 100,000 shares.....	\$ 10,000,000.00
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Common Stock:

Authorized 4,000,000 shares without nominal or par value, whereof Issued and Outstanding — 3,760,000 shares.....	75,200,000.00
Surplus.....	21,151,234.76
TOTAL CAPITAL AND SURPLUS.....	\$ 106,351,234.76

Contingent Liabilities—None.

TOTAL.....	\$ 110,274,676.24
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INTERNATIONAL SHOE COMPANY

INCOME ACCOUNT

For the year ended November 30, 1930

Net Sales of Shoes and Other Manufactured Merchandise, after
deduction of Returns and Allowances for Prepayments.....\$ 102,393,618.11

Cost of Shoes and Merchandise Sold, after
charging Operating Expenses, Maintenance of Physical Properties, Selling, Administrative, and Warehouse Expenses,
and Credit Losses, less Discount on Purchases.....\$ 87,246,824.12

Depreciation of Physical Properties..... 1,656,123.40 88,902,947.52
NET OPERATING PROFIT.....\$ 13,490,670.59

Miscellaneous Income..... 1,106,929.13
NET EARNINGS.....\$ 14,597,599.72

Provision for Income Taxes..... 1,723,495.51
NET INCOME FOR YEAR.....\$ 12,874,104.21

SURPLUS ACCOUNT

Surplus as at November 30, 1929.....\$ 20,157,130.55
Net Income, for the year ended November 30, 1930..... 12,874,104.21
\$ 33,031,234.76
Deduct—Dividends Paid:

Preferred Stock—\$6.00 per share.....\$ 600,000.00
Common Stock—\$3.00 per share..... 11,280,000.00 11,880,000.00
Surplus as at November 30, 1930.....\$ 21,151,234.76

PEAT, MARWICK, MITCHELL & CO.
ACCOUNTANTS AND AUDITORS

ST. LOUIS, MO., December 24, 1930.

INTERNATIONAL SHOE COMPANY,
St. Louis, Missouri.

We have audited the books and accounts of the International Shoe Company and Subsidiaries for the year ended November 30, 1930, and certify that the accompanying Balance Sheet and Income Account have been prepared therefrom and, in our opinion, correctly present the financial position of the Company at November 30, 1930, and the results of its operations for the year then ended.

The cash and bank balances and notes and securities owned have been verified by count or inspection or by certificates obtained from the depositories. We have satisfied ourselves that adequate provision has been made for doubtful accounts receivable.

The quantities and valuation of the inventories of manufactured merchandise, raw materials, and supplies, prepared by the Company, have been certified to be correct by responsible officials. We have satisfied ourselves that the valuation was made on the basis of cost or market price, whichever was the lower.

All ascertained liabilities have been included in the accounts.

The physical properties are stated in accordance with the sound value thereof as determined by the American Appraisal Company as at April 30, 1925, plus subsequent additions at cost and after deduction of depreciation. Adequate charges against operations of the year under review have been made in respect of depreciation and maintenance of physical properties.

PEAT, MARWICK, MITCHELL & CO.

SALES BRANCHES

ST. LOUIS

Roberts, Johnson & Rand
Peters
Friedman-Shelby
Continental Shoemakers
Midvale Shoe Co.
Pennant Shoe Co.
Vitality Shoe Co.

NEW YORK

Morse & Rogers

BOSTON

Hutchinson-Winch

MANCHESTER, N. H.

Great Northern Shoe Co.
Interstate Shoe Co.

SHOE FACTORIES AND SUBSIDIARY PLANTS

MISSOURI

St. Louis

Hickory St. & Mississippi Ave.
Broadway, Cherokee St. & Lemp Ave.
St. Louis & Jefferson Aves.
Thirteenth & Mullanphy Sts.
Twelfth & North Market Sts.
Jefferson Ave. & Madison St.
Glasgow Ave. & North Market St.
3417 Locust St.
1324 Washington Ave.

Bland

Cape Girardeau

De Soto

Hannibal

Seventh & Collier Sts.
S. W. Cor. Maple Ave. & Collier St.
S. E. Cor. Maple Ave. & Collier St.

Hermann

Higginsville

Jackson

Jefferson City

Bolivar & McCarty Sts.
Main & Linn Sts.

Kirksville

Marshall

Mexico

Perryville

St. Charles

St. Clair

Sikeston

Sullivan

Sweet Springs

Washington

ILLINOIS

Belleville

Chester

Evansville

Flora

Jerseyville

Mt. Vernon

Olney

Pittsfield

Quincy

Springfield

Steeleville

NEW HAMPSHIRE

Claremont

Keene

Manchester

Merrimack

Nashua

Newport

KENTUCKY

Paducah

ARKANSAS

Malvern

TANNERIES

ILLINOIS

South Wood River

MISSOURI

St. Louis

Thirteenth & Mullanphy Sts.

NEW HAMPSHIRE

Manchester

NORTH CAROLINA

Morganton

North Wilkesboro

PENNSYLVANIA

Mt. Jewett

Philadelphia

St. Marys

